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Submitted via email to: switchingprogramme@ofgem.gov.uk

09/09/2019

Ofgem Switching Programme and Retail Code Consolidation: Proposed changes to licences and industry codes– Consultation Response Part 2

Dear Rachel,

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK's energy industry – from established FTSE 100 companies, right through to new, growing suppliers and generators, which now make up over half of our membership.

I am writing in response to the Switching Programme and Retail Code Consolidation Consultation due on 9 September 2019. Energy UK members are generally comfortable with the majority of content provided in the REC, although have noted that it is disappointing the technical specification is unavailable as of yet. The technical specification is crucial when considering the impact the REC will have on individual suppliers' process design, meaning it was difficult to conduct a robust assessment of the REC in its absence.

1. REC Governance *(excluding questions 1.3, 1.4 and 1.5)*

Energy UK members are broadly happy with Ofgem's proposals for REC governance. We welcome and support the mission statement and its clear set of objectives that we hope will address some of the issues identified in other codes. There is however, the need to recognise the desire to avoid recreating the problems that have been encountered previously, in particular how to address the challenges associated with ensuring constituency representation. It is also important to take into account the wider BEIS review of industry codes and to ensure that Ofgem and BEIS are working together to avoid both overlap and divergence.

2. Delivery Approach

Energy UK members have expressed concerns regarding the timing of the consequential changes and inability to view the whole picture at present. We suggest that Ofgem consider the challenge suppliers face when building their systems without ample time or consideration given to assess wider programme consequential changes. Ofgem should provide certainty as to the scope of Supplier Licence Condition (SLC) change as a result of further consultations post-design as soon as possible in order for suppliers to account for the risk when building their platforms. Energy UK, therefore, suggests that one solution

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to reach a better outcome and simultaneously reduce costs would be to conduct end-to-end testing in a single phase rather than multiple separate change packages.

3. Switching Programme: REC Operational Arrangements

Energy UK members are in general agreement with the schedules being consulted on, (subject to the ability of the RECCo to procure). Please find below a summary of some of the concerns with specific schedules we feel are important for Ofgem to consider going forward. This is not exhaustive; we anticipate that members may raise additional issues and inaccuracies that require amending.

Registration Services Schedule (3.1)

Although we welcome the use of clear and accessible language, some elements of precision are at risk of being lost. It would also be beneficial to include more detailed legal definitions in some cases. For example, Energy UK members feel that within this schedule, the use of the term 'contract' (on page 7 of the Schedule) prior to successful registration of the gaining supplier is misleading. We suggest that in this example, the text could be altered to say when a customer 'has an energy contract subject to successful registration'.

Service Management Schedule (3.4)

This schedule does not clearly define or state how incidents will be categorised, making it difficult for suppliers to manage both customer expectations and business impacts. We would welcome an indication from Ofgem as to how suppliers should capture and categorise incidents.

Entry Assessment Qualification Schedule (3.5)

Energy UK has concerns around the scale of threshold requirements for pre-qualification. We request that Ofgem provides new objective criteria with more clarity. We would argue that suppliers internal testing should be able to provide sufficient evidence for qualification purposes, without the need for additional external testing, which could act as a burden on suppliers.

It is also unclear as to the extent of time for which a supplier is allowed to remain dormant. For example, would it be possible to successfully qualify and remain dormant for a year without re-qualifying? We would appreciate clarity from Ofgem on this element.

Draft Resolution of Consumer Facing Switching and Billing Problems Schedule (3.6)

Although we agree that the draft Resolution of Consumer Facing Switching and Billing Problems Schedule meets the Regulatory Design Principles, we would encourage Ofgem to consider if processes like DAP and ET resolution are fit for a smart world. We suggest that Ofgem consider whether a new process would be truly appropriate to deliver the best outcomes for customers and meet the regulatory design principles.

ETCC (3.7)

The schedule should make reference to the new Guaranteed Standards of Practice requirements.

Extending Obligations (3.8)

We believe there is merit in extending the obligations related to the resolution of Erroneous Switches, Crossed Meters, Switch Meter Read Problems and Duplicate Meter Points to micro-business customers and suggest that this should be looked at alongside Half Hourly Settlement Reform to ensure that all requirements are covered.

Prepayment Arrangements Schedule (3.10)

Energy UK agrees that the draft schedule meets the requirements, although we consider it to be the least well considered schedule at this stage. We would expect this schedule to evolve over time with the smart meter rollout.

Related Metering Point Schedule (3.11)

We suggest that the scope of this schedule extends to cover half hourly settlement.

Interpretations Schedule (3.16)

Energy UK members have noted that the Interpretations Schedule does not contain sufficient definitions of the terms used throughout. In order to keep consistency, we urge Ofgem to include all defined terms within this Schedule to ensure the expectations of the Interpretations Schedule remain clear.

Other areas that could be covered in the REC to support the Switching Programme and additional comments on the drafting (3.17 and 3.18)

We believe that without the technical specification, evaluating the REC Schedules is challenging. In the absence of this information, there is currently no means of comparing the Schedules to the technical specification. Consequently, there may be a need to revisit the Schedules once the technical specification is released. Furthermore, Ofgem should provide further information on the principles and consumer outcomes each process/Schedule is intended to achieve. Including this information would help to frame the steps within each process/Schedule and help guide the people using the processes towards the right actions. Energy UK believes making the outcome as important as the process would be a step in the right direction in terms of delivering the intentions of the REC, particularly from a customer point of view.

Energy UK members support the new accessible approach to language; however, we request that Ofgem takes time to reconsider the use of new acronyms. It is imperative that there is consistency in the use of terminology not only across the REC programme but for all Ofgem and Industry led programmes to avoid confusion.

4. Retail Code Consolidation: SCR Scope, Process and Proposals (Operational Arrangements) - (excluding questions 4.3 and 4.4)

Energy UK members agree that Ofgem should lead an end-to-end process to develop the code modifications to deliver retail code consolidation and also agree with the proposed scope of the Retail Code Consolidation SCR.

In principle, Energy UK supports GDAA and Green Deal related provisions transferring into the REC. We would, however, welcome clarity as to how non-supplier GDAA parties would accede to the REC. To this end, it is important to consider the reasons for which GDAA failed to enter into the MRA previously and to take them into account.

We agree that the requirements currently held in SPAA Schedule 22 and the RGMA Baseline related to gas meter agent appointments and MDD should be mandatory for domestic and non-domestic suppliers. We also welcome harmonisation of metering arrangements wherever possible and recognise the benefits of doing so.

We agree with option 3, Ofgem's preferred option for governance of agent appointments and MDD and support Ofgem's proposal for consolidating the metering CoPs into the REC. It should be acknowledged that the objectives of the BSC will need to be met when considering cross code coordination.

It would be useful to gain some insight from Ofgem as to how MEMs could be parties to the REC without additional cost to MEMs and suppliers. However, Energy UK support the view that changes to the metering Schedule(s) of the REC should be progressed through the Change Panel with a MEM subgroup.

Energy UK members hold the opinion that very few, if any requirements within SMICoP should extend beyond the initial installation of the smart metering system due to the fact that the non 'smart' elements

of SMICoP will be covered by other industry codes such as DCUSA. Therefore, our members feel that the requirements of SMICoP should only include items that are not already replicated in other areas and not specific to rollout. Although, we do believe that if elements of SMICoP do come into the REC, using REC governance and the PAB would be appropriate mechanisms for governance and assurance.

We support the requirements associated with PSR data sharing also being included in the REC and note the work already underway via the MRA and SPAA to prepare for PSR data sharing with water companies.

5. License Condition Changes

Energy UK members feel that Ofgem should take the action they feel to be most appropriate when considering removing license obligations on GTs to provide various services.

6. Plan for Delivery, Stakeholder Engagement and Next Steps

Energy UK suggests that when considering effective stakeholder engagement, the volume of business that can be reasonably covered off at a meeting should be reconsidered. When looking at the design forum in particular, it has been noted that the sheer volume of technical content on the agendas is severely constricted by very tight timescales, consequently resulting in some important items being neglected that need to be addressed. When this is driven at a very fast pace there will be a reliability vs volume threshold which may impact the quality of stakeholder engagement. Ofgem should also consider that the representative approach makes it increasingly important that stakeholders not directly involved in those programmes are able to access clear and useful information to ensure they are up to speed with the switching programme and able to deliver on time. We therefore request that there be a review of the agenda items and a request that the full agenda including all requested items be accommodated and fulfilled.

Members of Energy UK feel that the current plan will not provide absolute certainty on the drafting of the licence conditions until the Statutory Consultation has concluded and a decision notice has been issued in the first quarter of 2021. Therefore, there is a risk to suppliers, that without approved drafting that provides certainty over how licence changes will be defined, of basing their design and build activity on assumptions around the likely composition and intent of the relevant SLCs. If suppliers make misjudgements and the baseline drafting places different obligations upon suppliers, this could materially impact suppliers' delivery plans and also introduces further cost. We, therefore, urge Ofgem to provide and baseline drafting as early as possible, in order to mitigate these risks and allow enough time for suppliers to achieve testing milestones if the drafting significantly differs from their current expectations.

We would welcome clarification from Ofgem on the role of the new regulatory group and how this group will make decisions on a representative basis. It is also important to note that suppliers are likely to have different people dealing with the switching SCR and the code consolidation SCR. We therefore believe the agenda needs to be structured to allow people in different types of roles to engage.

I trust you find the comments useful if you would like to discuss further, please contact me on 02077472932 or iona.penman@energy-uk.org.uk and I will be happy to discuss.

Yours Sincerely,

Iona Penman
Policy Executive